

United States Senate

WASHINGTON, DC 20510

February 26, 2015

The Honorable Thomas Wheeler
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Wheeler:

The recent AWS-3 spectrum auction was a success for consumers and provided a critical boost for important federal policy priorities. Wireless providers will be able to make more wireless broadband available to more Americans, and important priorities such as first responder communications and deficit reduction will benefit from the more than \$40 billion generated from the auction. The record-breaking total proceeds will undoubtedly increase interest within the wireless industry, at the Commission, and within Congress to put more spectrum in the hands of the private sector to grow our economy and ensure the United States remains the world leader in wireless technology. That is why I am especially troubled by reports of Dish Network's use of the Federal Communications Commission's (FCC) designated entity program to receive more than \$3 billion in discounts to emerge as one of the auction's largest winners.

Dish holds an 85 percent stake in two companies that appear to have been created for the sole purpose of participating in the AWS-3 auction and taking advantage of bidding credits that Congress intended only be made available to small businesses. Dish's two shell companies – Northstar Wireless and SNR Wireless – claim in filings that although Dish holds an 85 percent stake in each of the companies, Dish does not control the companies.

Further illustrating Dish's abuse of the Commission's well-intentioned designated entity program, and the flaws with the Commission's rules governing the program, is the fact that an Alaska Native Corporation (ANC), Doyon Ltd., with revenue of more than \$318 million in 2013, is listed as the controlling shareholder of Northstar Wireless. The fact that an ANC with hundreds of millions of dollars in revenue is considered a small business under FCC rules is insulting to the true small businesses that wish to compete for spectrum. Before spectrum licenses are awarded to the auction's winners, the Commission must thoroughly investigate the legitimacy of all designated entities that participated in the auction.

Wireless spectrum and federal resources are both far too scarce to allow multibillion-dollar corporations to abuse taxpayers this way. Dish was not the first multibillion dollar telecommunications provider to take advantage of the designated entity program but the Commission should act to ensure it is the last. The rules for the designated entity program need to be revised in a comprehensive manner so that no future auction is manipulated in the same way. In doing so the Commission should eliminate preferential treatment for ANCs that do not meet the standard for small businesses. While I believe Congress gave the Commission a great deal of flexibility to address these issues on its own, I stand ready to work with you, your fellow commissioners, and my colleagues on the Senate Commerce, Science, and Transportation Committee to address this problem legislatively if necessary.

Sincerely,



Claire McCaskill
United States Senator

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